



State of Louisiana
DIVISION OF ADMINISTRATION

OFFICE OF STATE UNIFORM PAYROLL

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OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2004-14

TO: All ISIS HR Paid Agencies

FROM: Jena W. Cary
Director

SUBJECT: IRS Penalties for Incorrect Name and/or Social Security Number

An employee's correct name and Social Security Number (SSN) are critical for successful W-2 processing. Incorrect information can prevent the Social Security Administration (SSA) from posting earnings to the employee's record and could cause the employee problems when applying for Social Security and/or Medicare benefits. Any W-2 filed with an employee's incorrect name and/or Social Security Number creates additional processing costs for employers and the SSA. The Internal Revenue Service has issued a bulletin stating that penalties will begin to be charged to employers filing Forms W-2 with incorrect names and/or Social Security numbers. **All penalties incurred by this office will be charged to the appropriate agency. Agencies must research all employees and correct any differences as soon as possible for W-2 purposes and to avoid penalties from the IRS.**

To aid in this research, OSUP has submitted a diskette with employee information to SSA to verify employee names and Social Security Numbers against their records (Employee Verification Service). Information was included for all employees, active and inactive. **Agency personnel must run report ZP49, Social Security Verification Report, to see if your agency has any mismatches of data.** This report identifies the differences between ISIS HR and SSA records, listing Social Security numbers and/or names that do not match the Social Security data file. ZP49 includes the employee's Personnel Area, Org Unit, Org Name, Emp Number, last name, first name, middle name, SSN, birth date, gender, verification code with an error description, and any verified different SSN, if any. To update incorrect data in ISIS HR, follow instructions in ISIS HR On-Line Help for Maintain Personal Data. This file will be available to review for one year, until it is updated again. Since the report is created from information received from SSA, subsequent agency corrections will not be reflected on the report.

Error codes "1", "5", and "*" must be researched immediately to assure W-2's are processed with correct information. Error codes "2", "3", and "4" do not need to be

addressed before W-2s are produced this calendar year, but these codes must be addressed to ensure the accuracy of employee data with the SSA.

The SSA suggests that you do the following for any differences:

- Ask to see the employee's Social Security card to assure that the name and Social Security number were correctly entered in ISIS HR, and make the necessary corrections. Also, advise the employee to have his or her name changed on the Social Security card by the SSA. Refer to the Social Security Administration website <http://www.ssa.gov/ssnumber> for instructions and forms.
- If the Social Security card and ISIS HR match, have the employee check with a local Social Security office to determine the problem. Agencies may need to intervene and contact SSA also.

To prevent this problem from occurring every year, agencies should establish procedures to ensure that correct information is received when an employee is first hired. Upon hiring a new employee, request to see a copy of the employee's Social Security card and make a copy for the agency's file. Use the name and number exactly as shown on this card when entering into ISIS HR. Periodically during the year, request for employees to notify the agency's Employee Administrator of any name changes that may have occurred. Do not make any name changes in ISIS HR unless the employee provides the Social Security card showing the name change. **Remember – All penalties incurred for these errors will be charged to the agency.**

If you have any questions, please contact Penny Jones with the OSUP Benefits and Financial Administration Unit at (225) 342-5354.